



Before you get out of High school, you'll probably be behind the wheel of a car. At some point you'll ask, Why do I need Car Insurance? The easiest answer is that **it's the LAW!!!**

- Auto Liability Insurance pays for someone else's property or injuries if you are liable, or at fault, in an accident. The policy will list this as Bodily Injury and Property Damage.
- Your insurance pays if the other person does not have any insurance. Your policy is required to have Uninsured Motorist coverage for your injuries. UM does not pay for your car.
- If you're at fault, or the other guy doesn't have insurance; Collision pays to fix your car.
- Comprehensive pays you if your car is stolen or damaged by basic acts of nature.

These are generalized statements. You will need to read your policy for specific items and events covered.

A Big part of how a company sets the price of your insurance is the 3 C's; Care, Custody, and Control. Where's the car *located*, *who* drives it - *how* it is driven, and whose name is on the *title*. Your basic premiums are based on that information.

If you're headed out on your own...

Get off Mom's policy and get your own policy. Fraud is committed when someone lies to the insurance company about who owns the car, who's driving the car, and/or where it's kept. If you're looking to move out, update your auto policy.

If you're headed to the military...

Some companies offer great discounts to military personnel. There are some companies that cater to the military. Shop around for the best deal. Remember, the company needs to know where you park the car. If you're shipping out, tell the insurance company where you will store your car or motorcycle.

If you're headed to college...

You can probably stay on your parent's policy, but your Insurance Co needs to know that your car is not at home. If you get above average grades, see if your insurance company offers a "good student" discount. You may qualify!

Simple Facts

Every driver in Missouri is required to be "Financially Responsible". Being "financially responsible" means that you can pay for the damage for which you are legally liable.

Financial Responsibility - There are several ways to meet Missouri's Financial Responsibility law.

- You can register a \$60K bond with the Department of Revenue with the \$60K you just happen to have lying around. OR
- You can purchase an automobile liability insurance policy.

The minimum liability amounts in an auto insurance policy are \$25K for bodily injury per person, \$50K for bodily injury per accident and \$10K for property damage. This is typically referred to as 25/50/10.

Before you get into a large accident, you may wish to consider more than the required state minimum. Ask your self this; how many cars on the road today cost more than \$10,000?

Does your friend drive your car...

Did you know that if your friend wrecks your car, the accident is on you? You are responsible for who drives your car. So, even if you ask your friend if they have insurance before they drive, it may not matter. As far as your insurance company is concerned, the accident will go on your insurance record and **you** will pay the surcharge. Be careful about who you give the keys to.

There is NO grace period!

It is up to the company to decide if they will give you a small grace period for late payments. Most Insurance companies typically **do not** give grace periods.

An auto insurer can place you in a high-risk policy!

Current Missouri law does not prevent an insurer from putting you into a high risk policy if you have not been insured in the last 30 days. This situation can be avoided by paying your premiums on time and not letting your policy lapse.

Tips

Deductible

A Deductible is a clause in your insurance policy that states you will pay a specific amount of a claim before the company pays. **The higher your deductible, the lower your premium.**

Can a finance company take out insurance on my car and charge me for it?

Yes, if under the terms of your auto loan, you agree

to provide comprehensive and collision insurance ("full coverage"), and you fail to do so, the bank may take out a policy to protect its interest in your car. These policies typically **do not** offer liability insurance coverage to meet the state's mandatory liability laws and typically only cover the amount of the loan, not what the car is worth.

Claims

What's My Car Worth???

The **Book Value** of your car is the trade-in value or "sale price" that you could sell your car in the newspaper today.

A different value would be the purchase value or **loan value** of your car, which is the amount that it would cost you to go out and buy off a car lot today.

If you are in an accident and your car is "totaled" most insurance companies pay the Book Value of your vehicle. Especially for older cars, you may find that it is hard to replace the same year, and model of car at the same price as the Book Value of your wrecked car.

What is comparative fault?

In 1983, Missouri adopted the rules of pure comparative fault. Pure comparative fault allows your damages to be reduced by the percentage you are at fault in a loss. Insurers are allowed to investigate an accident and make a decision as to the percentage of fault of all parties involved. They will make voluntary offers based on this opinion. If you disagree with their evaluation, you can consult an attorney or turn over the matter to your own insurance company to handle under your collision coverage.

50/50 Comparative Fault

Many parking lot accidents end up being half your fault and half the other guy's fault. Parking lots are considered private property where the property owner, not the state, places the lines and road signs. Some of your general road laws do not apply, but common sense does. If you're in a parking lot accident, get the names of witnesses, take photos, and check with the business to see if they have a parking lot security tape.

What do I do if I get into an accident?

- Make sure that everyone in your car is not hurt
- Check the other car to see if they are OK
- Call the police

- Get the following information from the other driver: *name, address, telephone number, license plate number, drivers license number, insurance information*
- Give the same information to the other driver
- Get the name and phone number of any witnesses
- Keep a disposable camera in your car and take accident pictures
- Call your insurance agent as soon as possible

Simple Lesson:

1. Lets say you carry the state minimum liability insurance on your car. That's listed on an auto policy as ____ / ____ / ____

2. Now, if you're in an accident and you're at fault, your insurance company is legally liable to pay up to \$_____ for the other guys car?

3. What if the other guy is driving a new Corvette worth \$40,000 and you totaled it?

4. What if there are 3 people seriously injured in that auto accident? \$_____ is the total the company will pay from your policy.

5. Now let's say that you've only been **thinking** about getting insurance on your car. Didn't actually get the insurance. Now how much are you in for?



Answer: 1. 25/50/10 2. \$10,000 3. You could get sued above the amount you carry 4. \$50,000 5. You now owe for the other guys car, the other guys injuries, and you may owe the bank. Plus now you need new wheels to get around.

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